

MINUTES  
WATER QUALITY ASSURANCE REVOLVING FUND ADVISORY BOARD  
Arizona Department of Environmental Quality Conf. Room 250, 1110 W. Washington Street,  
Phoenix, Arizona  
January 31, 2003

**BOARD MEMBERS IN ATTENDANCE:**

Richard Bark for David Kimball  
Kelly Barr  
Herb Dishlip for Herb Guenther  
Karen Gaylord  
Tamara Huddleston  
Will Humble  
Rick Lavis  
Janet Marcus

Karen Masbruch  
Phil McNeely  
Karen O'Regan  
Chuck Shipley  
Lee Stein  
Tom Suriano  
Jim Viereggs  
Kerri Ann Wade

**BOARD MEMBERS ABSENT:**

Michael Conway  
Lori Faeth

**Action Items:**

1. Ms. Davis will coordinate with Ms. Barr to establish a task force to address drought issues.

The meeting commenced at 9:05 a.m.

**I. Welcome/Opening Remarks/Administrative Issues**

- A. Chairman Lavis reviewed the meeting dates for 2003.
- B. Chairman Lavis introduced Tamara Huddleston as the new AGO representative to the WQARF Advisory Board, replacing Patrick Cunningham and welcomed Herb Dishlip who is attending the meeting on behalf of the new ADWR Director, Herb Guenther.
- C. Chairman Lavis recognized Patrick Cunningham for six years of service to the Board and presented him with a star award.
- D. Chairman Lavis briefed the Board on the status of re-appointments. There is no news yet, so Board members should continue to participate in their current capacities for the time being.
- E. Chairman Lavis informed the Board that he had met with the new Director, Herb Guenther to discuss the concerns and issues that the Board has had with ADWR. Mr. Guenther assured Chairman Lavis that he wants to resolve the issues and work with the Board.

- II. Remarks: Steve Owens, Director, ADEQ** - Mr. Owens thanked the Board for the invitation to speak and stated that he looks forward to working with the members of the Board. He mentioned that the issue of re-appointments will not be addressed by the Governor's office for a while, and that everyone should continue to participate until notified otherwise. Mr. Owens addressed the issue of WQARF and other ADEQ programs budget cuts. The Governor has expressed concern over the Board's position to the Legislature that full funding needs to be provided for WQARF in FY04. The reason for the concern at the department is that when money is provided for one program, those funds may come out of another critical program at the department. Mr. Owens requested that the Board's Legislative Committee coordinate closely with the department prior to going to the Legislature to discuss funding. Ms. Barr clarified that the Legislative Committee will hold off on new assignments to committee members until the Board has discussed its position with ADEQ management. Chairman Lavis

expressed that the Board wants a win-win situation for the department and will work toward that end.

- III. Presentation: Broadway-Pantano Site: Video Report** - Ms. Masbruch presented a video of current cleanup activities at the Broadway-Pantano site. The video presented information from various stakeholders, including CAB members, regarding the planning for and construction of the Western Groundwater Containment System.
- IV. Minutes** - Approval of December 2002 minutes was postponed until the next meeting because it was not specifically listed on the agenda.
- V. Department Report**
  - A.** Ms. Davis updated the Board on the status of Mr. McNeely's continued assistance to the UST program and informed the Board that Mr. McNeely will be assisting the Division on UST issues during the legislative session.

Mr. McNeely updated the Board on the status of the Estes PRP search; the comment period for the PRAP ends on February 25. Mr. McNeely updated the Board on the status of ERAs and the progress being made at 16<sup>th</sup> Street and Camelback, Broadway-Pantano, Central and Camelback and Tyson Wash. Dedication ceremonies are being planned for Broadway-Pantano and Central and Camelback. Remediation work is ongoing at the Vulture Mill site.

**B.** Mr. McNeely referred to a Park-Euclid site status report and map included in the agenda packet. Mr. McNeely briefly described the history of the site and the coordination between ADEQ and EPA. Soil vapor extraction (SVE) is on-going and additional SVE is being evaluated; sentinel wells have detected increased levels of contamination; there is a possibility that other sources may be involved. ADEQ is concerned about the UA wellfield, but there is time for the final remedy to address this rather than performing an ERA. However, if UA wells are threatened, ADEQ has the option to perform an ERA. Ms. Marcus stated her concern over the increase in contamination levels. Chairman Lavis asked about a threshold for ADEQ to take action; what would trigger ADEQ to consider a containment system. Mr. McNeely stated that ADEQ is monitoring the UA wells each month and could install well-head treatment as an option instead of containment system if it became necessary to take action or clean water could be provided by city water. He ensured the Board that people would not be drinking contaminated water. Ms. Masbruch asked about source removal and Mr. McNeely responded that the ongoing SVE is removing the source and that additional SVE may be an option. ADEQ is also working with Mission Linen to evaluate pump and treat and will have a determination made on the possibility of installing a pump and treat system within the year. Ms. Gaylord stated that every water provider and customer would rather contain the contamination and prevent it from reaching supply wells, and asked which option would be less expensive. Ms. Gaylord stated that she would want to keep early containment as an option and asked whether ADEQ could afford to do it. Ms. Barr asked about the status of the RP. Mr. McNeely stated that Mission Linen is paying for all on site work and ADEQ is performing off site work. ADEQ is not being reimbursed for this work by Mission Linen, as the allocation process will determine their proportionate share. Chairman Lavis reminded the Board that the site remains a big issue and that EPA could come back and take over. Mr. McNeely stated that ADEQ is attempting to finish the RI this year and that Mission Linen is being very cooperative.

Mr. Vieregk asked whether ADEQ had received any settlement offers on Estes Landfill. Ms. Huddleston responded that ADEQ is in contact with responsible parties but does not have any firm offers yet. Mr. Vieregk encouraged the department to get in touch with RP's to encourage settlements.

**C.** Mr. McNeely provided information to the Board on the potential impacts of the drought on WQARF sites. Water providers are losing flexibility in what wells they can pump; when wells are pumped, plumes can be pulled causing impacts to wells. Also, as the water table is lowered, wells are going dry. Pump and treat systems are not being affected at this point. Ms. Barr expressed concern over the drought issue and suggested putting a task force together to take a look at the issue. Chairman Lavis asked Shannon to set up the task force and she agreed. Mr. Shipley asked about the purpose of the task force and Ms. Barr explained the purpose is to get experts from various agencies and water providers to address problem.

**D.** Mr. McNeely updated the Board on the status of discussion between ADEQ and ADWR regarding the minimum work necessary for ADWR to continue to meet the needs of the WQARF program. If ADWR continues to be funded, they will continue well inventory surveys, updating the database and reviewing NOIs. ADWR is now below needed staff level to do these things. Mr. Dishlip stated that the departments are looking at short and long term issues and the role of ADWR. Mr. Bark asked if ADWR currently has the staff to address the critical items and Mr. McNeely responded in the negative. ADWR is continuing to lose people to layoffs and attrition. Mr. Dishlip confirmed ADWR's willingness to identify costs and coordinate more closely with the Board and ADEQ on future work. Mr. Bark asked why people were laid off from WQARF since ADWR still had \$800K for WQARF. Mr. Dishlip responded that \$300K had been sent back to ADEQ.

**E.** Mr. McNeely updated the Board on the NACEPT committee which is looking at CERCLA process and at state programs. The committee is coming to Phoenix for a meeting March 10-12 at the Pointe Resort. Mr. McNeely suggested briefing the committee on WQARF community involvement, allocation, cleanup/end use standards processes, and scheduling site visits. Mr. McNeely requested the assistance of the Board in preparing for and participating in the meeting. Chairman Lavis mentioned that Jim Derouin is a member of the committee. The committee is inclined to support the CERCLA approach, so this is an opportunity to show off the WQARF program. Chairman Lavis suggested that ADEQ and the Board meet once the agenda is developed. Mr. Vieregk suggested having a couple of CAB co-chairs speak to the committee.

Mr. Guenther remarked that he is looking forward to working with the Board and improving the relationship between the Board and ADWR. ADWR will participate fully in program. Chairman Lavis thanked Mr. Guenther for attending the meeting and for his remarks.

- VI. CAB Report** - Chairman Lavis introduced Mr. Frank Connell of the Central and Camelback CAB and thanked him for attending the meeting and for providing a presentation to the Board. Mr. Connell has been a member of the CAB for three years and currently serves as CAB Co-Chair. The CAB is very active, meeting eight to ten times per year. Mr. Connell stated that he and the CAB are pleased with CAB process, cooperation, assistance, and patience of ADEQ and ADEQ's contractors. The CAB provided valuable input on the design of the treatment facility and location of facility, taking into consideration that this is a very busy and visible corner, and the impact of the light rail. The facility start up occurred on January 22; the

facility is operational. There were delays in start up due to vandalism, but Mr. Connell explained that ADEQ's contractor set up video surveillance and the thief was apprehended. The facility is treating 100 gallons per minute, for 144K gallons per day, 24 hours per day. The treated water is being discharged into sewer and will go to canals after 2/10/03. The treated water will eventually be used for irrigation of landscaping at the site. An open house is being planned; Mr. Connell invited the Board to attend. Mr. Vieregg asked Mr. Connell about discussions regarding cost recovery from RPs. Mr. Connell responded that some discussions have occurred but that the CAB has been focused on the work first and that this would be more of a topic in the future. Ms. Masbruch suggested that Mr. Connell be invited to make a presentation to the NACEPT Committee.

## **VII. Committee Reports**

**A. PRP Search Review Committee** - Ms. Gaylord stated that a report will be provided prior to the next Board meeting.

**B. Legislative Committee** -

- 1. Funding** - Chairman Lavis apologized for a mistake in the memo that had been provided to them on the budget proposals; the JLBC recommendation is actually different from the Governor's recommendations (\$10 million vs. \$5 million) and asked the Board how they want to approach the funding issue leaving politics aside. Chairman Lavis informed the Board that Rep. Karen Johnson of the Appropriations Committee has indicated that WQARF's core costs are too high and that they need to be reduced by 10% to 15%. Site cleanup will need to be based on the priorities adopted by the Board. The current budget for FY04 is 60% site and 40% core. The Board will meet on Tuesday at 3:00 p.m. to discuss options.

Mr. Bark informed the Board that Rep. Johnson plans to visit Payson. She is very concerned over core costs, and the Board needs to get back to her by 2/7 since the WQARF budget will be decided on 2/14. Mr. Vieregg stated that strong emphasis needs to be placed on cost recovery. Mr. McNeely stated that ADEQ will not be collecting significant money in FY04; approximately \$1.93 million and \$893K have been collected this year and there are several smaller settlements in process. Ms. Gaylord stated that difficulties with PRP searches impact settlements. Members of Legislature have indicated strong support of cost recovery and PRP search money is included in core costs. The Board needs to educate the Legislature on which funds are included in core. Ms. Gaylord stated that project management costs should be charged as site costs rather than as administrative costs. Ms. Huddleston stated that the deal format was set up such that all costs in the core category are non-recoverable, not because they are administrative. Ms. Gaylord asked the department to prepare a new table splitting out the deal format's core costs to show administrative vs. site costs. Mr. Shipley added that the Board might re-do the way the Board does the table to reflect the way state government tracks expenditures and revenues and administrative vs. site costs.

Mr. Dishlip stated that ADWR is prepared to give up some funding to help with the budget cuts. Chairman Lavis stated that no money would be transferred to ADWR for FY04 and that ADWR would use leftover money from FY03. Ms. Barr asked about carryover and Chairman Lavis responded that there is about \$1 million in carryover for ADWR. Ms. Barr stated that a

bill would need to be run if the automatic transfer of funds to ADWR is to be eliminated.

Ms. Barr asked what work is being completed on PRP searches for \$2 million per year being assigned to that work. Ms. Gaylord responded that a lot of work has been done; the PRP search process has been completed at least half of the sites and no significant RPs have been found; all RPs identified qualify for QBS. Consequently, the orphan share is much greater than originally expected. Mr. Suriano stated that the department can complete searches but not recover any money. However, if the department could go after insurance companies, costs could be recovered. A change allowing the department to recover from insurance companies would make it reasonable to proceed. Ms. Gaylord stated that ADEQ has spent money on PRP searches because the Board forced the issue, and did not spend as much as the Board wanted. Witnesses are elderly and as time goes by, PRP searches become less efficient. The department needs to move forward quickly to finish searches.

Mr. Viereggs asked about the status of cost recovery at the Miracle Mile site. Mr. McNeely responded that the RI would be completed this year; then a FS and PRAP would be completed during 04/05. Cost recovery will occur after that. Mr. Viereggs asked what the department has done since 1989 to assess facilities and Mr. McNeely responded that 40 facilities were evaluated and the department has scaled them down to two.

Mr. Bark commented that the Legislature would agree that ADEQ should go after insurance companies to recover costs. Mr. Viereggs suggested that the Board invite an insurance litigator to attend a Board meeting and provide a presentation to Board. Ms. Gaylord stated that it is expensive to sue businesses, to cost recover from RPs, and that to go after insurance companies is in line with other expenses. Mr. Shipley asked about having owners/operators pay for cleanups and Ms. Gaylord commented that ADEQ has to go through due process and only assign a fair share to each owner/operator. Chairman Lavis reminded the Board of the meeting on Tuesday at 3:00 p.m. and to send budget reduction ideas to Ms. Barr for distribution at the meeting.

2. **QBS** - Chairman Lavis informed the Board that discussions regarding possible changes to the QBS statute are ongoing.

**C. Funding Priorities Committee** - This discussion was deferred to the next meeting.

**D. Budget Committee** - Mr. Shipley stated that ADEQ is on track with expenditures and that work has started at Vulture Mill and project costs have gone down. Chairman Lavis stated that he wanted the ADEQ staff to know that the Board is working on the budget issues and that the department is doing good job.

**VIII. Other Business** - Ms. Barr announced that the Legislative Committee meeting is cancelled and that it will convene next Friday at 11:00 a.m. at ADEQ.

**IX. Public Comment** - No public comments were received.

**X. Adjournment** - Ms. O'Regan made a motion to adjourn the meeting; Mr. Shipley seconded the motion. The meeting adjourned at 11:45 a.m.